

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 NEA-10 ISO-00 AGR-05 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00

CIEP-01 FRB-03 OMB-01 /064 W
----- 101286

R 030630Z MAR 76

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 2625

INFO AMEMBASSY BANGKOK

AMEMBASSY COLOMBO

AMEMBASSY JAKARTA

AMEMBASSY LONDON

AMEMBASSY SINGAPORE

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E.O. 11652: NA

TAGS: EPAP, ETRD, MY

SUBJ: RUBBER--ANRPC NATURAL RUBBER PRICE STABILIZATION SCHEME

REF: (A) STATE 048719, (B) STATE 2587, (C) BANGKOK 1765, (D)
KUALA LUMPUR 1098

SUMMARY: ACCORDING DEPUTY SECGEN, MINISTRY OF PRIMARY INDUSTRIES /COMMERCIAL NATURAL RUBBER (NR) STOCKPILES IN MALAYSIA ARE NEARLY SOLD OFF AND GOM STOCKS BEING REDUCED RAPIDLY. GOM UNILATERAL ACTIONS DURING 1975 OF STOCKPILING AND SUPPLY RATIONALIZATION NR CONSISTENT WITH ASSOCIATION OF NATURAL RUBBER PRODUCER COUNTRIES (ANRPC) PRICE STABILIZATION SCHEME. GOM DEMONSTRATED STOCKPILING AND PRODUCTION CONTROL MEASURES COULD BE IMPLEMENTED WITH DEGREE OF SUCCESS. EMBASSY ASSESSES THAT ANRPC SCHEME WILL BE EFFECTED FOLLOWING SOME DIFFICULT NEGOTIATIONS ON FINANCING AND MANAGING OF NR BUFFER STOCK. END SUMMARY.

1. RE PARA 3 REF (A) WE DISCUSSED NR STOCKPILES IN MALAYSIA AND ANRPC PRICE STABILIZATION SCHEME WITH DEPUTY SECRETARY
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GEN OF MINISTRY OF PRIMARY INDUSTRIES WONG KUM CHOON.

HE PROVIDED FOLLOWING INFORMATION.

2. NATURAL RUBBER STOCKPILES--DURING PERIOD LAST YEAR OF LOW NR PRICES BOTH COMMERCIAL STOCKPILES AND GOVT. STOCKS WERE BUILT UP. RECENT RISE IN NR PRICES HAS RESULTED IN SELL OFF ALMOST ALL COMMERCIAL STOCKPILES, AND GOVT. STOCKPILES ARE BEING REDUCED RAPIDLY. WONG WOULD NOT COMMENT ON AMOUNTS OF REMAINING NR COMMERCIAL OR GOVT. STOCKPILES.

3. ANRPC PRICE STABILIZATION SCHEME--GOM UNILATERAL ACTIONS OF STOCKPILING AND SUPPLY RATIONALIZATION OF NR DURING 1975 WERE PLUSES IN ITS DEALINGS WITH ANRPC MEMBERS IN FORMULATING NR PRICE STABILIZATION SCHEME. GOM DEMONSTRATEDGLHAT SUCH MEASURES CAN WORK WITH DEGREE OF SUCCESS. MALAYSIAN GOVT IS INSTIGATOR, PRINCIPAL PROMOTER, AND CHIEF BENEFICIARY OF ANRPC SCHEME, AND VIEWS ITS DOMESTIC STOCKPILE ACTIONS AS CONSISTENT WITH PRINCIPLES AND OBJECTIVES OF SCHEME.

4. NEXT MEETING OF ANRPC, SCHEDULED FOR LATE MARCH IN KUALA LUMPUR (REFTEL D), WILL BE HELD WITHOUT SINGAPORE WHICH HAS TAKEN POSITION THAT NR PRODUCING COUNTRIES SHOULD AGREE ON SCHEME, ESPECIALLY ADMINISTRATION OF BUFFER STOCK. PRIOR SEEKING SINGAPORE'S CONCURRENCE. FUNDING AND MANAGING OF NR BUFFER STOCK REMAIN KEY UNRESOLVED ISSUES.

5. COMMENT. WE ASSESS THAT FOLLOWING SOME DIFFICULT NEGOTIATIONS ON BUFFER STOCK, AGREEMENT WILL BE REACHED AND ANRPC SCHEME WILL BE IMPLEMENTED. MALAYSIANS ARE CONVINCED THAT ASEAN SUMMIT SUPPLIED MISSING INGREDIENT OF POLITICAL WILL NECESSARY EFFECT ANRPC RUBBER PRICE STABILIZATION SCHEME. WE BELIEVE ASEAN SUMMIT PROBABLY DID PROVIDE POLITICAL PUSH NEEDED HURDLE REMAINING TECHNICAL OBSTACLES. UNDERHILL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RUBBER PRODUCERS, PRICES, STOCKPILES
Control Number: n/a
Copy: SINGLE
Draft Date: 03 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KUALA01180
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760080-0559
From: KUALA LUMPUR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t197603100/aaaadkhy.tel
Line Count: 94
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 48719, 76 STATE 2587, 76 BANGKOK 1765
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 12 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 MAY 2004 by ifshinsr>; APPROVED <08 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RUBBER--ANRPC NATURAL RUBBER PRICE STABILIZATION SCHEME
TAGS: EPAP, ETRD, MY, ANRPC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006